

PharmaCielo Announces Financial Results for the Fourth Quarter and Fiscal Year Ended December 31, 2020

- *FY 2020 Revenue of \$2.7 million compared to \$0.8 million in FY 2019.*
- *Achieved key milestones foundational to future commercial success: Completed one of the world's largest processing and extraction complexes¹, introduced a broad cannabinoid product portfolio and began validation of GMP² and EU-GMP² standards with potential clients expanding access to pharmaceutical markets.*
- *Streamlined operations resulting in a considerable reduction in run-rate SG&A expenses.*
- *Adds experienced Global Head of Business Development and Sales to complement commercial organization and execute on business development pipeline.*

All figures are in Canadian dollars (\$) unless otherwise specified

TORONTO and RIONEGRO, Colombia, May 3, 2021 /CNW/ - **PharmaCielo Ltd.** ("**PharmaCielo**" or the "**Company**") (TSXV: PCLO), (OTCQX: PCLOF), the Canadian parent of Colombia's premier cultivator and producer of medicinal-grade cannabis extracts, PharmaCielo Colombia Holdings S.A.S., today announced financial results for the fourth quarter and year ended December 31, 2020. The Company also announced that it has appointed a Global Head of Sales and Business Development – Marcelo Durante – to lead the Company's global sales efforts. Mr. Durante's biography can be found in this press release under the section titled *Global Head of Business Development and Sales – Marcelo Durante*.

Management Commentary

Henning von Koss, CEO of PharmaCielo commented, "2020 was a challenging year for the world as a whole and PharmaCielo was not exempted. Despite these challenges, we accomplished several key operational milestones, particularly during the second half of 2020, which have positioned the Company for growth through 2021. Since joining as CEO in December 2020, I have focused our team on streamlining operations, finishing the Processing and Extraction Centre (PEC), and aligning and strengthening our organizational structure, particularly on the sales side. The efforts of our team have paid off. The PEC is complete and operating with a unique combination of advanced upstream and downstream technologies, that drive a broad portfolio including several value-add CBD, THC-free as well as high-THC content formulations. We are operating at a lower cost structure, and the organization is focused on execution, with recent entries into the UK, Swiss and Brazilian markets highlighting the success of our revised end market focus. The next step in this journey is to build out our global sales organization, and to that end I would like to welcome Marcelo Durante to the new role of Global Head of Business Development and Sales. The global cannabinoid supply chain continues to grow and mature. With our operational foundation complete and awareness growing, evidenced by growth in the number of potential customers requesting appointments to confirm GMP compliance, it is time to build-out a dedicated sales organization to secure PharmaCielo's position as a preferred B2B supplier of cannabinoid inputs."

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| 1 | Based on capacity to process 360 tonnes of dried flower (biomass) annually |
| 2 | Good Manufacturing Practices / EU Good Manufacturing Practices |

Summary Financials

(000's)

| | FY 2020 | FY 2019 | Q4 2020 | Q4 2019 |
|---|------------|------------|------------|------------|
| Revenue | \$2,654 | \$787 | \$881 | \$657 |
| Adjusted EBITDA (loss) | (\$23,554) | (\$18,255) | (\$5,828) | (\$5,043) |
| Net income (loss) | (\$43,756) | (\$34,667) | (\$19,901) | (\$12,423) |
| All-in operating cost per gram ³ | \$0.04 | \$0.04 | \$0.05 | \$0.04 |

- The Company had cash and cash equivalents of \$8.9 million as at December 31, 2020 compared to \$13.7 million as at December 31, 2019. Subsequent to the quarter ended December 31, 2020, on April 7, 2021, the Company closed an overnight marketed equity offering for gross proceeds of \$13.5 million.
- Complete audited and consolidated year-end financial statements and corresponding MD&A are available at www.sedar.com.

Global Head of Business Development and Sales – Marcelo Durante.

Mr. Durante is an experienced business development and sales leader with over 20 years of international experience building successful and effective sales organizations in the pharmaceutical, nutraceutical, food-extracts and fragrance industries. Most recently, Mr. Durante was the Global Sales and Marketing Director for Biosearch Life, a Spanish-based biotechnology company bringing innovative products to the pharmaceutical, nutraceutical and functional food sectors in more than 30 countries worldwide. As part of his role at Biosearch Life, Mr. Durante led a company-wide transition to a more customer-focused approach, spearheaded a global innovation platform and designed and implemented a dedicated plan to improve product category segmentation.

In addition to his vast experience in building and managing sales organizations that serve global B2B clients, Mr. Durante possesses academic degrees in industrial chemistry (University Santa Cecilia, Brazil), food engineering (University of Campinas, Brazil) and a master's degree in food technology (University of Bologna, Italy). Mr. Durante is based in Europe, in proximity to some of PharmaCielo's key target markets and potential clients. He will report directly to Mr. von Koss, the CEO.

³ "All-in" operating cost to produce dried cannabis

About PharmaCielo

[PharmaCielo Ltd.](#) (TSXV: PCLO, OTCQX: PCLOF) is a global company, headquartered in Canada, with a focus on ethical and sustainable processing and supplying of all natural, medicinal-grade cannabis oil extracts and related products to large channel distributors. PharmaCielo's principal (and wholly owned) subsidiary is PharmaCielo Colombia Holdings S.A.S., headquartered at its cultivation and processing centre located in Rionegro, Colombia.

The board of directors and executive team of PharmaCielo are comprised of a diversely talented group of international business executives and specialists with relevant and varied expertise. PharmaCielo recognized the significant role that Colombia's ideal location plays in building a sustainable business in the medical cannabis industry, and the Company, together with its directors and executives, is executing on a business plan focused on supplying the international marketplace.

Forward-Looking Statements:


Certain statements contained in this news release, such as those relating to: the anticipated growth of the Company in 2021; execution of the Company's end-market strategy; the building-out of the Company's global sales organization; the completion of the GMP and EU-GMP certification with respect to the PEC; the growth of the cannabinoid supply chain; the number of potential customers requesting GMP compliance; and the future positioning of the Company as a preferred B2B supplier of cannabinoid inputs. Forward-looking information is based on plans, expectations and estimates of management at the date the information is provided and is subject to certain factors and assumptions, including the Company's ability to obtain and maintain all necessary

governmental, regulatory and TSXV approvals related to the exportation of the Company's CBD and THC products from Colombia, that there will be demand for the Company's products, that the Company's development plans will not change as a result of unforeseen events, that the Company's business generally and shipping logistics are not disrupted by COVID 19, that the Company will be able to maintain its customer contracts in good standing, the Company is able to obtain GMP and EU-GMP certification for the PEC, and that the Company will be able to execute its business plan, including the growth of its global sales team, as currently contemplated. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions referred to above prove not to be valid or reliable, that the Company's financial condition or development plans change, the Company's failure to obtain or maintain necessary TSXV or government regulatory approvals required in connection with the operation of its business, the Company's failure to obtain GMP certification for the PEC, expected, less than anticipated market demand for the Company's products, risks associated with the Company's supply chain and global economic instability relating to COVID-19, risks associated with operating in Colombia, risks associated with the cannabis industry generally, currency exchange risk and additional risks described in the Company's Annual Information Form for the year ended December 31, 2019 filed with the Canadian securities regulatory authorities under the Company's SEDAR profile at www.sedar.com.

The Company undertakes no obligation to update these forward-looking statements, other than as required by applicable law.

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